

Justification for Other than Full and Open Competition

"Source Selection Information – see FAR 2.101 and 3.104"

1. Identification of the agency and contracting activity.

- **Federal agency and contracting activity:** HHS – Centers for Medicare & Medicaid Services
- **Sponsoring organization:** Office of Information Services / Consumer Information & Insurance Systems Group
- **Project Officer information**
 - **Project Officer :** Paul Weiss
 - **Mailing address:** 7500 Security Blvd, Baltimore, MD 21244
 - **E-mail address:** paul.weiss@cms.hhs.gov
 - **Telephone number:** (410) 786-6089

2. Nature and/or description of the action being approved.

- **Acquisition purpose and objectives.**

CMS justified, in a separate document, that it must do a logical follow-on order to the Task Order HHSP233201100177G with Terremark Federal Group, Inc. The resulting quote contained open market items that required this justification and approval.

CMS obtains information technology infrastructure and service requirements to support the cloud computing environment for the Center for Consumer Information and Insurance Oversight (CCIO) and Office of Information Services (OIS), Consumer Information and Insurance Systems Group (CIISG) from Terremark Federal Group, Inc. Cloud computing, defined by the National Institutes of Standards and Technology, is a model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction. CMS has designed a suite of infrastructure and services that address CCIO's and OIS/CIISG's specific needs.

The logical follow-on order provides the required cloud services to support the important missions of CCIO and OIS/CIISG, which

include implementation of critical pieces of the Affordable Care Act. This includes providing cloud services to support the Federally Facilitated Marketplace (FFM).

The task order is a General Services Administration (GSA) Schedule 70 Information Technology Services Multiple Award Schedule (MAS) task order.

This justification will address and approve the presence of open market items (services that are not included on the GSA Schedule contracts) in both the base period of the task order as well as the optional periods.

This justification is required because open market items need special treatment. The GSA competes and awards MAS contracts. Therefore all MAS orders placed in accordance with the procedures described at Federal Acquisition Regulation (FAR) 8.4 are considered to have been issued under full and open competition. GSA has also determined that the pricing for items and fixed price services on the MAS is fair and reasonable. Therefore, when ordering fixed price services that are included in the Schedule 70 contract, Contracting Officers do not need to seek competition outside of the Schedule 70 contracts nor make a separate determination of price reasonableness.

FAR 8.4 also provides that ordering agencies may add items that are not included on the MAS. These items are defined as open market items. FAR 8.4 permits ordering agencies to add open market items if the agency follows pertinent acquisition regulations, including the requirement to obtain full and open competition described in FAR 6. In accordance with FAR 6.3, this document provides the required documentation and approval of the non-competitive acquisition from Terremark of the brand-name open market items described herein.

- **Project background.**

CMS justified, in a separate document, that it must do a logical follow-on order to the Task Order HHSP233201100177G with Terremark Federal Group, Inc. The resulting quote contained open market items that required this justification and approval.

This justification will address open market items in both the base period of the task order as well as the optional periods. The contractor submitted a quote on February 23, 2014 describing the services to be provided in the logical follow-on order, which includes a portion of open market services.

The value of this justification for Open Market items is \$19,755,465.98.

3. Description of the supplies or services required to meet the agency's needs (including the estimated value).

- **Project title:** Cloud Computing Services logical follow-on order
- **Project description**

Terremark will provide the technology infrastructure and service requirements necessary for cloud computing to support the development and operations of the Federally Facilitated Marketplace (FFM). As described above, CMS requires certain open market services that are not available on GSA schedule. This justification also covers the acquisition of services that are brand-name or peculiar to one manufacturer. The use of such descriptions is essential to the Government's requirements thereby precluding consideration of products manufactured by other companies.

As described above, Terremark provided a quote to continue to provide cloud services in a logical follow-on task order. The following describes the open market items and pricing contained in the Terremark quote for the base and option periods of the order:

Continued Support Services , Quote ID 2014-43923	
Compute : Private Edition Infrastructure Compute Capacity (Large Memory VM) - 160GB MEM, 40Ghz (480 GB Min)	\$ 4,243,200.00
Cloud Storage Infrastructure Service (5 systems): Netapp Filer Head 6290 Series Upgrade, High Availability Design Service	\$ 1,005,024.00
Cloud Firewall Infrastructure Service: Cisco FW 5585-60, High Availability Design Service	\$ 241,056.00
Dedicated IDS (Including Dedicated VSS)	\$ 42,613.44
Dedicated Full Packet Capture	\$ 158,729.22
Dedicated SIEM/Log Aggregation (Up to 250VM's)	\$ 109,844.04
Dedicated SIEM/Log Aggregation (each)	\$ 294,823.98
Dedicated Netflow Analysis	\$ 70,033.68
Network Behavior Analysis Upgrade up to 1.5Gbps NetFlow, Arbor Networks	\$ 62,676.00
Dedicated SSL VPN: CISCO ASA 5500 SSL VPN 500U LIC	\$ 119,566.32
Dedicated SSL VPN: CISCO ASA 5585 FIPS OPACITY KIT	\$ 3,986.16
Network Tap: XFP	\$ 1,734.00
Network Tap: VSS Monitoring	\$ 79,662.00
Compute : Enterprise Cloud - Copper Cloud Connect (HA)	\$ 1,938.00

POTS line for Colocation	\$ 670.20
Platform Fee : Platform Fee - 208V (Per Effective 01U)	\$ 13,860.00
Additional 50 VMs Managed Services	\$ 3,071,360.64
24x7 Managed Services Upgrade for Production/Implementation (50 VMs)	\$ 1,058,177.28
Third Party	
Phone Factor Licensing (6 month)	\$ 10,800.00
CyberArk: Annual maintenance **1 Year standard support, Maintenance Includes:	\$ 12,629.99
-PIM Software Bundle Maintenance	
-Annual Maintenance for DR Mod SW Service Appliance Bundle(M-F 8AM-6PM ET)	
-Annual Maintenance for 100 Users(M-F 8AM-6PM ET)	
VeriSign: Managing VeriSign PKI Services Customer Support - Gold Option	\$ 19,900.00
VeriSign: VeriSign Premium 128 Bit Managed PKI for SSL (100-249 Tier)	\$ 76,592.00
Surge Support - Compute, Storage, Managed Services , Quote ID 2014-44373	
Compute : Private Edition Infrastructure Compute Capacity (Large Memory VM) - 160GB MEM, 40Ghz (480 GB Min)	\$ 104,000.00
Additional 50 VMs Managed Services (lot of 50 VMs)	\$ 31,993.34
24x7 Managed Services Upgrade for Production/Implementation (50 VMs)	\$ 22,045.36
Surge Support - Third Party	
MarkLogic: Professional Services - Senior Data Architect - Per hour (regular buisness hours)	\$ 36,348.00
MarkLogic: Professional Services - Senior Data Architect - Per hour (after hours)	\$ 30,160.00
Service/Product Description	
Shared Cloud FFE , Quote ID 2014-43806	
Compute : Private Edition Infrastructure Compute Capacity (Large Memory VM) - 160GB MEM, 40Ghz (480 GB Min)	\$ 873,600.00
Materials : Hybrid Deployment Suite: Ethernet Uplink	\$ 1,400.00
Space : Hybrid Deployment Suite: 1/4 Cabinet - Single Device (8U, 360W)	\$ 3,570.00
Additional 50 VMs Managed Services	\$ 1,567,673.66
24x7 Managed Services Upgrade for Production/Implementation (50 VMs)	\$ 462,952.56
Dedicated SIEM/Log Aggregation (Per VM)	\$ 174,287.40
Service/Product Description	
Shared Cloud DSH , Quote ID 2014-43803	

Compute : Private Edition Infrastructure Compute Capacity (Large Memory VM) - 160GB MEM, 40Ghz (480 GB Min)	\$ 1,310,400.00
Additional 50 VMs Managed Services	\$ 2,911,393.94
24x7 Managed Services Upgrade for Production/Implementation (50 VMs)	\$ 462,952.56
Dedicated SIEM/Log Aggregation (Per VM)	\$ 218,884.47
Service/Product Description	
MIDAS , Quote ID 2014-43624	
Compute : Private Edition Infrastructure Compute Capacity (Large Memory VM) - 160GB MEM, 40Ghz (480 GB Min)	\$ 124,800.00
Platform Fee : Platform Fee - 208V (Per Effective 01U)	\$ 60,480.00
Additional 50 VMs Managed Services (lot of 50 VMs)	\$ 383,920.08
Additional 50 PMs Managed Services (lot of 50 PMs)	\$ 233,547.18
Dedicated SEIM\Log Aggregation (per VM or physical server)	\$ 42,180.48
Total:	\$ 19,755,465.98

• **Requirement type.**

- ☐ Support services (non-research & development)
- ☐ Supplies/equipment
- ☒ Information technology (IT)
- ☐ Other (specify): _____

• **Type of action.**

- ☐ New requirement
- ☒ Follow-on
- ☐ Other (specify): _____

• **Proposed contract/order type.**

- ☒ Firm-fixed-price
- ☐ Time and materials
- ☐ Indefinite delivery (specify whether indefinite quantity, definite quantity, or requirements): _____
- ☐ Other (specify): _____

• **Acquisition identification number:**

Contract: GS-35F-0073U

Order: HHSM-500-2014-00355G

- **Total estimated dollar value and performance/delivery period.**

The value of the open market items being justified is \$19,755,465.98. The period of performance of the base period is March 1, 2014 – June 30, 2014.

4. Identification of the statutory authority permitting other than full and open competition.

This acquisition is conducted under the authority of 41 United States Code (U.S.C.) 253(c)(1) as set forth in Federal Acquisition Regulation (FAR) 6.302-1- Only one responsible source and no other supplies of services will satisfy agency requirements.

5. Demonstration of the proposed contractor(s) unique qualifications to provide the required supply or service.

- **Name and address of the proposed contractor(s).**

Terremark Federal Group, Inc.,
One Biscayne Tower, 2 S. Biscayne Boulevard, Suite 2800
Miami, FL 33131-1800

- **Nature of the acquisition and proposed contractor(s) unique qualifications.**

In June 2013, CMS competitively awarded a task order to HP Enterprise Service, LLC to provide a Production Virtual Data Center (VDC) and Disaster Recovery (DR) Virtual Data Center (VDC) for the Health Insurance Marketplace. The contract is in the transition phase with Terremark. Therefore, CMS needed to award a logical follow-on task order to Terremark to continue to provide the Cloud Computing Infrastructure while the HIM applications are transitioned to the HP VDC contract.

Terremark is the sole source capable of providing the required services. Terremark is the current provider of cloud services for the Federally Facilitated Marketplace (FFM). Therefore, Terremark is currently providing computing hardware and software environments in their secured facilities from which CMS operates the FFM. It would be untenable for a cloud services provider to permit another cloud services entity to operate within one another's cloud infrastructure while in transition to the HP VDC. CMS would not be able to conduct a separate competition to acquire the open market services and then require Terremark to allow this contractor to service CMS from the Terremark cloud. Nor would it be technically

desirable for separate cloud contractors to provide cloud services from separate clouds. Terremark requires these open market items in order to be able to provide a functionally complete set of services. The open market items provide critical functions and they cannot be de-coupled from Terremark's infrastructure without compromising the ability of the Terremark solution to meet the performance requirements. Additionally, there would be negative IT security implications and problem identification/resolution issues entailed in introducing another cloud contractor's services into the Terremark infrastructure. For these reasons, Terremark is the only responsible source to provide these open market items.

- 6. Description of the efforts made to ensure that offers are solicited from as many potential sources as practicable. Indicate whether a FedBizOpps notice was or will be publicized as required by FAR Subpart 5.2 and, if not, which exception under FAR 5.202 applies**

CMS will utilize the HP HIM Virtual Data Center (VDC) contract to provide the required cloud services once fully transitioned out of Terremark.

- 7. Determination by the Contracting Officer that the anticipated cost/price to the Government will be fair and reasonable.**

In determining the price to be fair and reasonable, the Contracting Officer reviewed the commercial price list from the offeror in accordance with FAR 15.402. Consistent with FAR 15.404-1(b)(2)(iv), the Contracting Officer has obtained established catalog prices to determine price reasonableness. In accordance with FAR 15.403-1(b)(3) certified cost/pricing data is not required since the items being acquired are considered commercial items as defined in FAR 2.101. The Contracting Officer compared the commercial price list, the discounted prices and the proposed prices to determine price reasonableness.

- 8. Description of the market research conducted (see FAR Part 10) and the results, or a statement of the reasons market research was not conducted.**

Market research confirmed the open market items are not available on schedule. CMS believes the items are critically needed to provide the required cloud services.

- 9. Any other facts supporting the use of other than full and open competition.**

- CMS should maintain the integrity of Terremark's Federal agency-only infrastructure. Terremark offers a readily available private Federal Cloud that is hosted in a datacenter purposed specifically

and exclusively to house Federal IT Infrastructure (Tier III Datacenter);

- As Terremark's solution to CCIIO is built on leveraging best of breed technology from HP, IBM, VMware and Cisco to achieve unmatched flexibility and control, Terremark is better suited to provide the Open Market services to CCIIO and ensuring compatibility and support;
- Obtaining the open market services from another source would negatively impact on-going support and problem resolution as additional time will be required to troubleshoot and coordinate between Terremark and the other contractor; and
- The negative IT security implications entailed in introducing another cloud contractor's services into the Terremark infrastructure would unacceptably increase the risk on this mission critical service.

10. Listing of sources, if any, that expressed, in writing, an interest in the acquisition.

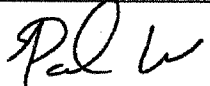
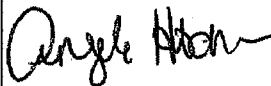

Not Applicable

11. Statement of the actions, if any, the agency may take to remove or overcome any barriers to competition before any subsequent acquisition for the required supplies or services.

This action is a logical follow-on task order to the Task Order HHSP233201100177G with Terremark Federal Group, Inc. The logical follow-on is to continue services through Terremark as CMS completes the transition to the HP HIM VDC.


12. Program office certification.

This is to certify that the portions of this justification that have been developed by the undersigned program office personnel, including supporting information and/or data verifying the Government's minimum needs or requirements, or other rationale for limited sources, are accurate and complete.

Official	Name & Title	Signature	Date
Contracting Officer's Representative	Paul Weiss		3/10/14
Contracting Officer's Representative's Immediate Supervisor	Angela Hitchcock		3/10/14
Head of the Sponsoring Program Office	Janet Vogel		3/11/14

10. Contracting Officer Certification

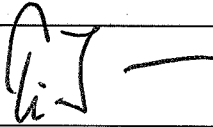
This is to certify that the justification for the proposed acquisition has been reviewed and that to the best of my knowledge and belief the information and/or data provided to support the rationale and recommendation for approval is accurate and complete.

Official	Name & Title	Signature	Date
Contracting Officer	Andrew Mummert	 <small>Digitally signed by Andy Mummert DN: cn=Andy Mummert, o=DAGM, ou=CMS, email=andrew.mummert@cms.hhs.gov, c=US Date: 2014.03.19 12:02:49 -0400</small>	

11. Chief of the Contracting Office and Head of the Contracting Activity signature(s):

Official	Name & Title	Signature	Date
Cognizant Division Director	Andrew Mummert, Director, Division of Information Systems Contracts	Andy Mummert Digitally signed by Andy Mummert DN: cn=Andy Mummert, o=OAGM, ou=CMS, email=andrew.mummert@cms.hhs.gov, c=US Date: 2014.03.19 12:03:06 -04'00'	
Cognizant Group Director	Don Knode, Director, Information Technology Contracts Group	 Date: 2014.03.20 08:15:41 -04'00'	
Director, Division of Policy Workforce and Systems	Leisa Bodway, Director, Division of Quality Assurance and Technology	 Digitally signed by leisa.bodway2@cms.hhs.gov DN: cn=leisa.bodway2@cms.hhs.gov Date: 2014.03.20 22:02:02 -04'00'	
Head of the Contracting Activity	Daniel F. Kane, Director, Office of Acquisition and Grants Management		3/25/2014

12. Competition Advocate signature:

Official	Name & Title	Signature	Date
Competition Advocate	Tim Love, Chief Operating Officer		3/25/14